

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
TUESDAY, JANUARY 10, 2006
Room W135, West Office Building, State Capitol Complex**

Members Present: Sen. Howard Stephenson, Co-Chair
 Rep. Gordon E. Snow, Co-Chair
 Sen. Beverly Evans
 Sen. Karen Hale
 Rep. J. Stuart Adams
 Rep. Ron Bigelow
 Rep. LaVar Christensen
 Rep. Tim M. Cosgrove
 Rep. James A. Ferrin
 Rep. Julie Fisher
 Rep. Karen W. Morgan
 Rep. Stephen H. Urquhart

Members Excused: Pres. John Valentine

Members Absent: Rep. Duane E. Bourdeaux
 Rep. Greg Hughes

Staff Present: R. Michael Kjar, Legislative Fiscal Analyst
 Ben Leishman, Legislative Fiscal Analyst
 Cherie Schmidt, Secretary

Public Speakers Present: Pamela S. Perlich, PhD. Bureau of Economics & Business
 University of Utah
 Stephen Ronnenkamp, Superintendent Granite School District
 David Garrett, Granite School District
 Mitch Robinson, Granite School District
 Patrick Ogden, Associate Superintendent USOE
 Patty Murphy, MSP Administrator USOE
 Stephen Kroes, Utah Foundation
 Dave Moss, Chair, Charter School Board
 Julie Adamic, Charter School Board
 Christine Kearl, Deputy of Education

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Stephenson called the meeting to order at 9:20 a.m.

1. Approval of Minutes - The minutes were not approved because attendance at this time in the meeting did not constitute a quorum.
2. School Age Population & School Enrollment Trends - Pamela S. Perlich, Ph.D. of the Bureau of Economics & Business Research at the University of Utah gave a presentation to the members of the Committee on Utah's School-Age Population Boom: Causes and Consequences. There are three long-term demographic trends in the State of Utah:
 - Relatively rapid population growth which is driven by economic growth.
 - Age structure due to the young population, imminent boom in the school-age population, and coming increases in the number and share of retirement age persons.
 - Globalization due to continued international immigration and sustained increases in racial, ethnic, and cultural diversity.

Data was presented that supported the expected school-age population and school enrollment trends. Implications for the Utah education system are summarized as follows:

- Size:
Given a relatively strong regional economy, the population will continue to grow.
There is an increased demand for infrastructure and services.
- Age Distribution:
Utah will continue to have a young population.
The school-age population boom has begun.
Retirement-age population will increase both absolutely and relatively.
- International immigration should continue.
- Internal growth of new migrants is rapid.
- Racial, ethnic, and cultural diversity should continue to increase.

The conclusion of this analysis is:

1. There will be an increase in the competing demands for budgets.
 2. Public education costs will increase in both student costs and capital costs.
3. Granite School District - School Closure Discussion - Superintendent Stephen Ronnenkamp, David Garrett, and Mitch Robinson of the Granite School District discussed the status of this district. Over the past ten years, enrollment has declined by approximately 10,000 students. The loss of revenue associated with educating those students amounted to \$31 million. In the years 2002-2006 on-going budget cuts amounted to \$24.7 million. This has forced adjustments in

increased class size, decreased central office staff, elimination of programs, reduced employee benefits, increased property taxes, and closure of schools.

A student population study was conducted to provide an update on future enrollment trends for the next five years, to determine where future schools may be needed, and to assess if schools should be closed or consolidated.

Even with the loss of students and revenue, current district capacity and utilization of buildings is 88.3 percent.

The Options Committee recommended the following changes to the Granite School Board:

- Close one elementary school
- Close one junior high school
- Close one senior high school
- Total annual estimated savings - \$2.8 million

Final Board Action included the following:

- Closure of two elementary schools
- Assigned ninth grade students to Granite Park Junior High
- Changed mission and consolidated multiple programs at Granite High School
- Total annual estimated savings - \$1.8 million

The factors affecting the Board's final decision are as follows:

- Support of neighborhood schools
- Belief in small schools
- Commitment to parent choice, future programs, and enrollment growth
- Response to constituents and political pressure

The summary of this presentation is:

- School building utilization is projected at 97.8 percent by 2010.
- The recent decision to close and reconfigure schools resulted in an expected savings of \$1.8 million.
- Any additional enrollment decline will necessitate further budget cuts.

4. Base Budget Discussion - R. Michael Kjar, Legislative Fiscal Analyst, gave an overview of S.B. 3. This has been prepared as a Budget Brief contained in *Budget Analysis FY 2007* Tab 5. This bill is the School Finance Act. It is the purpose of the Act to describe the manner in which the State and school districts shall jointly pay for the costs. The recommended base budget for FY 2007 is \$2,328,922,820 which includes funding of \$1,848,198,140 from the Uniform School Fund, \$9,920,000 from the Uniform School Fund Restricted - School Land Trust account, and \$470,804,680 from local revenues. A spreadsheet is included that gives a breakdown of the recommended budget for FY 2007 and a comparison to FY 2006. The base budget of \$2.3 billion is a 3.3 percent growth from FY 2006. The brief shows the history of the budget and explains projected growth.

Patrick Ogden, Associate Superintendent USOE, and Patty Murphy, MSP Administrator USOE, presented a comparison between S.B. 3 and the State Board of Education's request for enrollment growth funding. Reference was made to the following three sections of S.B. 3:

- 53A-17a-124.5 Appropriation for class size reduction
- 53A-17a-133 State-supported-voted leeway program authorized - Election requirements - State guarantee - Reconsideration of the program
- 53A-17a-134 Board-approved leeway - Purpose - State support - Disapproval.

Stephen Kroes, Charter Schools Utah Foundation, reviewed the disparity between charter school funding and district school funding. Based on an analysis for FY 2004, charter schools received \$800 per pupil less than district schools. Part of this funding, \$226, can be discounted because charter school student population had fewer economically disadvantaged students. Therefore, \$574 would provide complete parity.

Charter Schools strongly support the following initiatives:

- receive an additional \$14 million in Local Replacement Funding
- receive an additional \$2.1 million to support administrative staff
- receive an additional \$4.1 million for startup support
- receive an additional \$1.36 million for reimbursement of paid property taxes
- receive an additional \$800,000 for training, technical assistance, monitor compliance, and evaluate performance

Charter Schools also recommend an amendment be added to S.B. 3 entitled "Powers and Duties of State Charter School Board."

Mr. Kroes referred to Issue Brief - Local Replacement Formula Changes found under Tab 6 of the *Budget Analysis FY 2007*. This brief provides information on the charter school Local Replacement Funding, the current formula detailed in UCA 53A-1a-513, and the potential impact of a proposed formula change.

Dave Moss, Chair, Charter School Board, spoke on the growth of charter schools. In the 1999-2000 school year there were seven schools with an enrollment of 390 students; and by the 2006-2007 school year, he stated that there will be 50 charter schools with an enrollment of 19,000 students, which is approximately 4 percent of Utah's student population. Julie Adamic also of the Charter School Board provided additional detail of the Charter Schools initiatives. Committee Co-Chair Snow led a discussion to help qualify current funding issues.

5. Governor Huntsman's Budget Initiatives - Christine Kearn, Deputy of Education and Philip Jeffery, Governor's Office of Planning and Budget, spoke on the budget priorities of Governor Huntsman. A handout was given to each Committee member which outlines these priorities and recommendations for funding.
6. Adjourn -

MOTION: Rep. Morgan moved to adjourn at 12 p.m.

Minutes were reported by Cherie Schmidt, Secretary

Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair